

First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 13-0933.01 Esther van Mourik x4215

HOUSE BILL 13-1288

HOUSE SPONSORSHIP

Conti and Kagan,

SENATE SPONSORSHIP

Steadman and Hill,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE DEVELOPMENT OF RECOMMENDATIONS TO THE**
102 **GENERAL ASSEMBLY TO ESTABLISH A UNIFORM SALES AND USE**
103 **TAX BASE THROUGHOUT THE STATE, AND, IN CONNECTION**
104 **THEREWITH, MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Currently, local governments and the state do not always impose sales or use tax on the same transactions. The bill requires the department

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
April 26, 2013

of revenue, in consultation with representatives of a nonprofit organization that assists municipal officials, to make recommendations on establishing a uniform sales and use tax base throughout the state. The representatives of a nonprofit organization that assists municipal officials must have experience in writing sales and use tax policy and must represent constituents of a local taxing jurisdiction. The uniform sales and use tax base must be established so that sales and use tax remittances under the uniform sales and use tax base will be revenue neutral for the state or any local taxing jurisdiction. In order to ensure revenue neutrality, the bill requires that every effort be made to determine a list of exemptions that are currently applied by the state and any local taxing jurisdiction. If the uniform sales and use tax base requires the state or a local taxing jurisdiction to start taxing an item that was previously exempted by the state or by a local taxing jurisdiction, the bill specifies that the tax rate for such item must be 0% for that jurisdiction. If the state or any local taxing jurisdiction starts taxing an item that was previously exempted at a rate that exceeds 0%, the state or local taxing jurisdiction must seek voter approval for such tax rate increase pursuant to section 20 of article X of the state constitution.

The bill specifies that the recommendations be included in a report to the general assembly that must be completed no later than December 31, 2013. The bill specifies that the members of the general assembly are then encouraged to consider the recommendations and introduce legislation in the 2014 legislative session to create a uniform sales and use tax base.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-128 as
3 follows:

4 **39-26-128. Uniform sales and use tax base.** (1) (a) THE
5 DEPARTMENT OF REVENUE SHALL MAKE RECOMMENDATIONS TO THE
6 GENERAL ASSEMBLY REGARDING THE ESTABLISHMENT OF A REVENUE
7 NEUTRAL UNIFORM SALES AND USE TAX BASE THROUGHOUT THE STATE. IN
8 DEVELOPING THE RECOMMENDATIONS, THE DEPARTMENT SHALL CONSULT
9 WITH REPRESENTATIVES OF THE COLORADO MUNICIPAL LEAGUE, OR ITS
10 SUCCESSOR ENTITY, AND COLORADO COUNTIES, INCORPORATED, OR ITS
11 SUCCESSOR ENTITY. SUCH REPRESENTATIVES MUST HAVE EXPERIENCE IN

1 WRITING SALES AND USE TAX POLICY AND MUST REPRESENT
2 CONSTITUENTS OF LOCAL TAXING JURISDICTIONS. THE RECOMMENDATIONS
3 SHALL INCLUDE:

- 4 (I) A UNIFORM DEFINITION OF TANGIBLE PERSONAL PROPERTY;
- 5 (II) A UNIFORM LIST OF ITEMS THAT ARE EXEMPT FROM TAXATION
6 BY THE STATE AND LOCAL TAXING JURISDICTIONS;
- 7 (III) UNIFORM DEFINITIONS OF THE TAX-EXEMPT ITEMS;
- 8 (IV) RATE CHANGES, INCLUDING CONSIDERATION OF RATES OF
9 ZERO PERCENT THAT WOULD BE NECESSARY TO ACHIEVE REVENUE
10 NEUTRALITY FOR THE STATE AND ANY LOCAL TAXING JURISDICTION; AND
- 11 (V) ANY OTHER RECOMMENDATIONS DEEMED APPROPRIATE BY
12 THE DEPARTMENT OF REVENUE REGARDING THE ESTABLISHMENT OF A
13 REVENUE NEUTRAL UNIFORM SALES AND USE TAX BASE.

14 (b) (I) FOR PURPOSES OF THIS SUBSECTION (1), A UNIFORM SALES
15 AND USE TAX BASE IS REVENUE NEUTRAL IF, WHEN SUBSTITUTED FOR A
16 JURISDICTION'S PRIOR SALES AND USE TAX BASE, THE RESULT IS NO MORE
17 THAN A DE MINIMIS CHANGE IN TAX REVENUE FOR THE SUBSTITUTING
18 JURISDICTION.

19 (II) IN ESTIMATING REVENUE NEUTRALITY, THE DEPARTMENT OF
20 REVENUE SHALL USE THE BEST INFORMATION IT HAS AVAILABLE.

21 (c) FOR PURPOSES OF THIS SUBSECTION (1), A "LOCAL TAXING
22 JURISDICTION" MEANS A CITY, TOWN, MUNICIPALITY, COUNTY, SPECIAL
23 DISTRICT, OR AUTHORITY AUTHORIZED TO LEVY A SALES TAX PURSUANT
24 TO TITLE 24, 25, 29, 30, 31, 32, 37, OR 42, C.R.S., AND CITIES, CITIES AND
25 COUNTIES, OR TOWNS GOVERNED BY A HOME RULE CHARTER THAT IMPOSE
26 A SALES OR USE TAX IN THE STATE.

27 (2) THE DEPARTMENT OF REVENUE SHALL INCLUDE THE

1 RECOMMENDATIONS MADE PURSUANT TO SUBSECTION (1) OF THIS SECTION
2 IN A REPORT TO THE GENERAL ASSEMBLY PURSUANT TO SECTION 24-1-136
3 (9), C.R.S. THE REPORT MUST BE SUBMITTED TO THE GENERAL ASSEMBLY
4 NO LATER THAN DECEMBER 31, 2013, AND MADE AVAILABLE TO THE
5 PUBLIC ON A WEB SITE MAINTAINED BY THE DEPARTMENT OF REVENUE.

6 (3) MEMBERS OF THE GENERAL ASSEMBLY ARE ENCOURAGED TO
7 CONSIDER THE RECOMMENDATIONS OF THE DEPARTMENT OF REVENUE
8 PURSUANT TO THIS SECTION AND, IF VIEWED FAVORABLY, TO INTRODUCE
9 LEGISLATION AND, IF APPROPRIATE, A HOUSE OR SENATE CONCURRENT
10 RESOLUTION, DURING THE SECOND REGULAR SESSION OF THE SIXTY-NINTH
11 GENERAL ASSEMBLY TO ESTABLISH A REVENUE NEUTRAL UNIFORM
12 STATEWIDE SALES AND USE TAX BASE.

13 **SECTION 2. Appropriation.** In addition to any other
14 appropriation, there is hereby appropriated, out of any moneys in the
15 general fund not otherwise appropriated, to the department of revenue, for
16 the fiscal year beginning July 1, 2013, the sum of \$80,089, or so much
17 thereof as may be necessary, for allocation to the taxation business group
18 for personal services and computer programming expenses related to the
19 implementation of this act.

20 **SECTION 3. Safety clause.** The general assembly hereby finds,
21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, and safety.